GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2181
ANSWERED ON:11.12.2015
Allocation of Additional Funds
Tarai Smt. Rita

Will the Minister of FINANCE be pleased to state:

a) whether the Government proposes to provide special assistance out of the funds allocated to the National Institution for Transforming India (NITI) Aayog to keep up the on-going programmes in the States;

b) if so, the details thereof;

c) whether the States are unable to meet expenditure for Judiciary, police, maintenance and forest and environment as suggested by the 14th Finance Commission post increased revenue allocation to States; and

d) if so, the details thereof along with the steps taken
by the Government including allocating additional funds in this regard?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) and (b): The Special Assistance during 2015-16 (BE) has been provided under Demand No. 37 of Ministry of Finance. The Central Government has approved allocation of the Special Assistance, so provided, during 2015-16 (BE), as Annexed.

(c) and (d): FFC recommended the increase in the share of tax devolution from 32% to 42% of the divisible pool with the primary objective of increasing the flow of unconditional transfers to the States. Post FFC recommendations, the devolution of taxes to States is expected to increase by Rs. 186150 crore during 2015-16 over 2014-15. Keeping in view the ecological benefits and the need to support States in shouldering the responsibility of managing the environment, FFC has considered area covered by forest as one of the important criteria for horizontal devolution. The devolution formula, thus, captures both revenue and cost disability and also enables the States to consider forests as a national treasure that needs to be protected. FFC in its report has inter-alia urged the States Government to use the additional Fiscal Space provided in the tax devolution to meet the expenditure requirements for General Administration (Judiciary and Police) and for maintenance expenditure of Capital Asset. FFC has recommended revenue deficit grants of Rs. 194821 crore during its award period 2015-20 (including Rs. 48906 crore recommended for 2015-16) for 11 States assessed to be post devolution Revenue Deficit States. Besides, FFC has recommended grant in aid of Rs. 287436 crore to States for Local Government (Urban Local Bodies including Municipal Corporations and Gram Panchayats).
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